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ABN 38 119 992 175

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR

31 DECEMBER 2023

LOTUS RESOURCES LIMITED

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CORPORATE DIRECTORY

Directors	Mr Michael Bowen	Non-Executive Chairman
	Mr Keith Bowes	Managing Director
	Mr Grant Davey	Non-Executive Director
	Mr Mark Hanlon	Non-Executive Director
	Ms Dixie Marshall	Non-Executive Director
Company Secretary	Ms Catherine Anderson	
Principal Place of Business	Level 20, 140 St Georges Terrace Perth, Western Australia, 6000	
Website Address	www.lotusresources.com.au	
Auditor	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth, Western Australia, 6000	
Solicitor	Thomson Geer Level 29, Central Park 152-159 St Georges Terrace Perth, Western Australia, 6000	
Share Registry	Computershare Investor Services Pty Ltd Level 17, The Forrest Centre 221 St Georges Terrace Perth, Western Australia, 6000	
Securities Exchange	ASX Limited Level 40, Central Park 152-159 St Georges Terrace Perth, Western Australia, 6000 ASX Code: LOT OTCQB Level 12, 300 Vesey Street New York, NY 10282 OTC Code: LTSRF	

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as "the Consolidated entity" or "the Group") consisting of Lotus Resources Limited ("the Company" or "Lotus") and the entities it controlled at the end of, or during, the six months ended 31 December 2023.

Directors

The following persons were Directors of Lotus during the reporting period and up to the date of this report, unless otherwise stated:

Name	Title	Date of appointment
Mr Michael Bowen	Non-Executive Chairman	Appointed on 22 February 2021
Mr Keith Bowes	Managing Director	Appointed on 15 February 2021
Mr Grant Davey	Non-Executive Chairman	Appointed on 22 June 2020
Mr Mark Hanlon	Non-Executive Chairman	Appointed on 22 February 2021
Ms Dixie Marshall	Non-Executive Chairman	Appointed on 1 April 2022

Principal Activities

During the half-year ended 31 December 2023, the principal continuing activities of the Consolidated entity consisted of the exploration for uranium and the evaluation and development of uranium resources, focusing on the Group's advanced Kayelekera Uranium Project ("Kayelekera"), in Malawi.

During this period Lotus completed the merger with A-Cap Energy Limited ("A-Cap") which resulted in the acquisition of a 100% interest in the Letlhakane Uranium Project (Letlhakane), located in Botswana, and a 55% interest in the non-core Wilconi Nickel Cobalt Project ("Wilconi") located in Western Australia.

Lotus's main focus continues to be on restarting production at Kayelekera as soon as practicable, whilst noting that there is significant work that can be done on Letlhakane and on Wilconi that the Group believes can add value in the short term.

Review of Activities

Highlights for the Half Year

The significant achievements during the year and up to the date of this report included the following:

1. **Substantial increase in the global uranium Mineral Resource to 241 million pounds ("Mlbs")** to underpin potential multi-decade production profile through the acquisition of Letlhakane with completion of the merger with A-Cap Energy Limited.
2. **Continued and advanced discussions with major global utilities** and uranium traders to re-introduce Kayelekera and discuss potential offtake agreements.
3. **Progress made towards finalising the key terms for the Mine Development Agreement** with multiple meetings, including in Malawi, for negotiations with Government Ministers and representatives.
4. **Progressing a preferred financing strategy** for the redevelopment of Kayelekera.
5. **Advanced discussions with the Energy Supply Company of Malawi ("ESCOM")** regarding the connection of Kayelekera to the Malawi national grid.
6. **Continued to review potential new exploration areas in Malawi** as Lotus looks to grow its resource base.
7. **Further progress towards alignment of the Group's Environmental, Social and Governance ("ESG") reporting** against the Taskforce for Climate-related Financial Disclosure ("TCFD") framework. This framework has been used in conjunction with UN Sustainable Development Goals (SDGs) and Global Reporting Initiative ("GRI") Standards with the release of the third annual Sustainability Report in November 2023 showing significant progress against these frameworks.
8. **Ongoing care and maintenance activities at Kayelekera** to ensure site plant and infrastructure is in a good state for restart of production, including preparations for water treatment following the wet season in Malawi.

Uranium Market

The uranium market continues to improve, with the uranium spot price maintaining levels above approximately US$100/lb U_3O_8 in recent weeks, and recently rising as high as US$107/lb. The spot price has increased by over 100% since January 2023. This is driven by a shortage of supply in the spot market that has resulted in low traded volumes along with strong demand from financial groups, traders and utilities.

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Review of Activities (continued)

Uranium Market (continued)

Term uranium prices have also seen an uplift through the period, especially since September 2023, tracking the increase in the Spot price but not to the same extent yet. Long-term prices quoted by market analysts indicate price ranges in the low US$70s/lb, although the mid-term price is considerably higher (above US$100/lb). Utilities are coming back into the market strongly with approximately 160Mlbs U_3O_8 traded in the term market in 2023, the first time in over a decade that the quantities purchased by the utilities matched their annual demand. There are indications that more utilities are expected to come into the market in early 2024, with the understanding that the buying for 2024 will not only cover their operating needs, but that building up of inventory levels will also take place. This additional demand should see the term prices supported, and there is evidence of a large supply shortage in the period 2025-2028 that is proving challenging for the utilities to fill. Prices could therefore increase further in the mid-term. Although it is difficult to accurately assess the proposed pricing that will be acceptable for these contracts, there is information in the market that indicates there have been large increases in the floors and ceilings associated with market related contracts.

On the news front, there has been increasing positive sentiment in the nuclear sector. COP28, the United Nations Climate Change Conference held in December 2023, announced that nuclear is now included in the Global Stocktake on decarbonisation. This was on the back of 22 countries signing up to support a tripling of nuclear energy by 2050 to meet climate goals and around 120 companies signing up to the Net Zero Nuclear Industry Pledge. In the USA, a number of sector relevant bills have been passed or are in the process of being passed including the National Defence Authorisation Act that includes a provision for the Dept of Energy to prioritise activities to increase domestic production of low enriched uranium ("LEU") and high assay low enriched uranium ("HALEU") (both reactor feed materials). In addition, the senate is considering legislation that will ban the importation of Russian uranium, and the US government has just released an RFP for the supply of enrichment services to help establish domestic supply.

This increased requirement combined with the current supply chain concerns, the geopolitical issues facing various parties and the strong nuclear reactor build-out plans, reactor life extensions and small modular reactors (SMR) progress, all point to higher demand and higher sustained pricing for uranium in the future.

Kayelekera Project Overview

The Kayelekera Uranium Project ("Kayelekera") is located in northern Malawi, southern Africa, 52 kilometres (km) west by road from the town of Karonga. Kayelekera hosts a current Mineral Resource Estimate of 51.1 million pounds ("Mlbs") U_3O_8 including the inaugural resource at Livingstonia[1], and historically produced approximately 11Mlbs U_3O_8 equivalent over a five-year period from 2009-2014, before ceasing production in 2014 and entering into care and maintenance due to low uranium prices.

During the period Lotus continued to advance Kayelekera to be able to quickly recommence production as the uranium price recovers to levels supportive of new production that will be required to meet the future impending shortfall in uranium supply. Lotus is targeting a restart of the Kayelekera operation in late 2025 to meet the growing supply gap in the utilities reported fuel coverage profile. This target start date will be dependent on a number of conditions being met and the successful conclusion of various work programs.

Front -End Engineering and Design ("FEED")

A FEED program, leading directly into the detailed engineering design phase for the execution of the restart plan, has been planned. These studies will

- Confirm the upfront capital cost estimate for the plant refurbishment and new equipment installations such that a control budget can be prepared for the restart;
- Validate the 15-month timeline initially determined for the refurbishment program;
- Update the operating costs (C1 and All in Sustaining Costs) from the Restart Definitive Feasibility Study ("Restart DFS"), including incorporating new quotes from suppliers; and
- Determine long lead items and early works programs.

Connection to Malawi National Grid

Lotus is working towards a Power Implementation Agreement and Power Supply Agreement with the ESCOM which will facilitate the connection of Kayelekera to the Malawi national grid and allow the mine to access cheaper power, a critical component of lower operating costs reported in the Restart DFS.

[1] Refer to Lotus ASX announcement dated 9 June 2022.

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Review of Activities (continued)

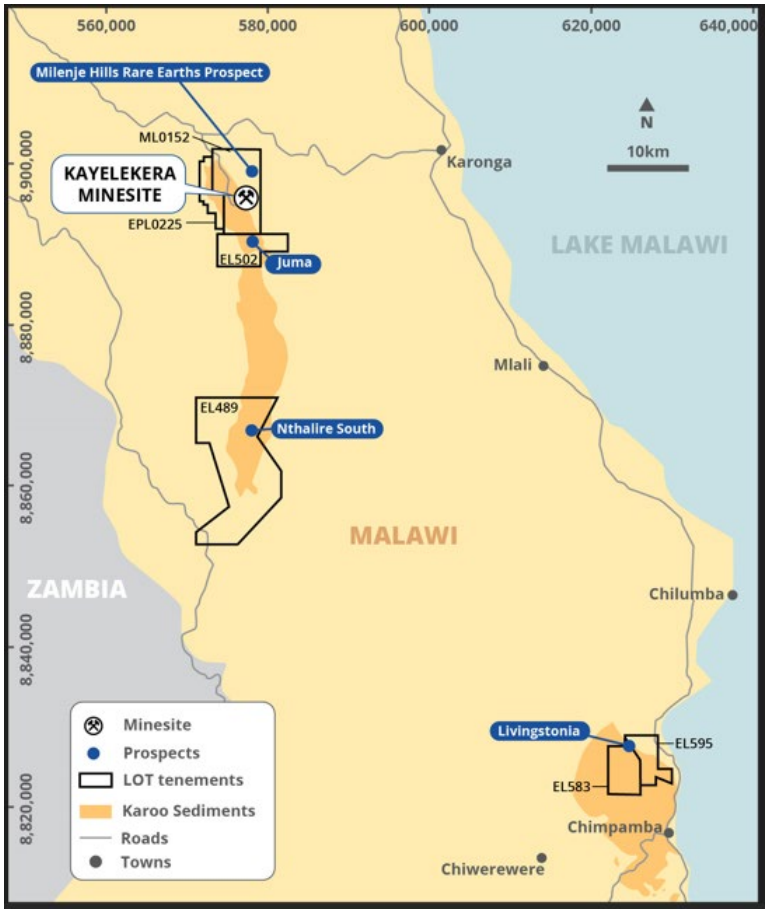

Figure 1: Location of the Kayelekera Uranium Mine and Livingstonia Uranium Tenements

Connection to Malawi National Grid (continued)

Connection to the Malawi national grid, where power is sourced predominantly from hydro, is a critical part of Lotus low carbon strategy. During the half year, Lotus, assisted by its technical consultants, worked with ESCOM to define the optimal grid connection solutions and the associated power reliability and upgrade costs. A preferred option was selected, and a commercial working group was formed to consider the business case for the upgrades and the new installations required, including negotiating the electricity tariffs that will be applicable to Kayelekera. A Memorandum of Understanding ("MOU") is in progress with ESCOM outlining the pathway and responsibilities associated with the formal agreements proposed.

ESCOM have surveyed the proposed route for the powerline which will follow an existing line from the nearest regional center, Karonga, to the mine access road and then largely follow the access road towards site. Lotus, with ESCOM, has also initiated an assessment of what will be required for the installation of the new transmission line from an environmental and social impact assessment perspective, and this will form part of the execution strategy.

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Review of Activities (continued)

Financing and Offtake

Lotus continued to engage with multiple nuclear utilities regarding potential offtake agreements, including participating in formal Requests for Proposals ("RFPs") and "off market" discussions with a number of utilities and other offtakers.

Lotus attended the World Nuclear Association ("WNA") Uranium Symposium in London in September 2023, meeting with numerous utilities, industry participants and investors. This year's conference had the largest attendance (over 700) on record, and it was clear the sentiment around the future of the nuclear industry from all participants was the most positive seen for many years. The number of utility engagements compared to last year was much higher and the opportunities around term contracting have also improved over the last few months.

Lotus is also undertaking a process now to appoint debt advisors to assist in the financing process and help the Group determine the optimal financing strategy moving forward.

The Group's offtake contracting strategy will work in conjunction with its financing strategy as Lotus seeks to balance the need for revenue certainty from debt providers and the desire to be exposed to the uranium price for equity investors.

Health & Safety

Kayelekera has achieved 3,466 consecutive days without any Lost Time Injury ("LTI") with a total of 3,690,033 person hours worked as at 31 December 2023 (3,571,351 person hours worked as at 30 June 2023); 118,682 person hours for the six-month ended 31 December 2023 (224,364 person hours for the financial year ended 30 June 2023). During the six-month ended 31 December 2023, there were no reportable health and safety incidents. The 12-month rolling Total Recordable Injury Frequency Rate ("TRIFR") was at 1.67, while the Lost Time Injury Frequency Rate ("LTIFR") remains at zero.

Site staff at Kayelekera continued to take a pro-active approach in relation to incident/accident prevention through implementation of work permit system, Take-5 risk assessments and daily safety toolbox talks.

Care and Maintenance Activities

The Company continues to critically review activities and associated costs at Kayelekera to ensure the site care and maintenance programs and costs are optimised.

The primary focus for the ongoing activities are the core requirements of:

1) Ensuring compliance with all regulatory requirements;
2) Maintaining the equipment on site so as to minimise restart costs;
3) Ensuring security of the assets at site; and
4) Management of water on site to control the discharge of water to the environment during the wet season, in accordance with licence conditions and global standards.

During the half year the site team also executed geotechnical works associated with the plant terrace and the return water dam 2 ("RWP2") to repair some damage resulting from the previous wet season. In addition to installing a gabion basket system, significant work was also carried out on the water drainage/diversion system, specifically around the plant and RWP2 so as to minimise the ingress of water into the ground water system.

Government and Community Relations:

Mine Development and Community Development Agreements

The Company is securing a Mine Development Agreement ("MDA") that will set the fiscal regime in which Kayelekera will operate and will also include other provisions for contractual protections as are customary for such concession agreements. The key items being finalised under the agreement are important to support the investment to restart operations and the financial returns for Kayelekera.

Lotus continued to advance the negotiations with the Government of Malawi with various meetings in person and over videoconference. The two main in-person meetings were held in August and November.

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Review of Activities (continued)

Government and Community Relations:

Mine Development and Community Development Agreements (continued)

In August meeting, Managing Director Keith Bowes and Non-Executive Director Grant Davey were able to meet with the newly appointed Minister of Mines, the Honourable Monica Changa'namuno, and the Minister of Finance to discuss the MDA. The Government reiterated the importance of the MDA as it relates to developing the mining industry in Malawi and how this will impact the future growth of the Malawian economy. This was further evidenced by the Mining Minister's address to the Africa Down Under Conference in Perth, where she made positive statements about Kayelekera's previous contribution to the Malawian economy and stated her support for mining projects in Malawi, including Kayelekera, being put into production soon.

In the December meeting Managing Director Keith Bowes travelled to Malawi to meet the MDA negotiating party, including the relevant Ministers and the Attorney General, to discuss the outstanding fiscal issues in the MDA. The Government again reiterated the importance of the restart of Kayelekera and their motivation to finalise the MDA as soon as possible. As a result of this meeting Lotus is looking to prepare a draft MDA document for review by the parties.

In addition to the above-mentioned meetings various virtual meetings were held with relevant stakeholders both in the government to clarify some of the negotiating points, but also with other stakeholders who are invested in the Kayelekera restart including international donor groups.

Lotus has also progressed the work with Tier 1 global law firm Herbert Smith Freehills ("HSF") to support the Company in developing the documentation and the strategy around the execution of the proposed MDA. This has included reviews of some of the key relevant legislation, the documentation prepared to date by the Company in its discussions with the Government, along with other relevant MDA documents that have been accepted by the Government. In addition, HSF has appointed in-country counsel to support the process.

As part of the updated Malawian Mines and Minerals Act (2019), a company that has a large-scale mining licence, such as Lotus holds for Kayelekera, is required to enter into a Community Development Agreement ("CDA") with the local "qualified communities" as defined in the Act. This agreement provides for a minimum 0.45% of the gross revenues generated from the mine to be spent on projects or activities selected by the qualified communities. The objective of the CDA aligns with Lotus' aim to achieve a balance between economic, environmental and social performance. The qualified communities and Lotus have agreed terms with the CDA awaiting ratification by the Government of Malawi in accordance with the Mines and Minerals Act (2019).

Completion of Acquisition of A-Cap Energy ("A-Cap")

In July 2023, Lotus and A-Cap announced an agreement to merge via a Scheme of Arrangement. The merger would result in the Group becoming a leading African focused uranium player with significant scale and resource by combining a production-ready asset, Kayelekera, and a future larger scale growth asset, Letlhakane, located in Botswana, one of the world's top mining jurisdictions.

Under the Share Scheme, A-Cap shareholders received 1 new Lotus share for every 3.54 A-Cap shares held on 7 November 2023. Botswana regulatory approvals were received by the Minister of Mines and Energy and Competition and Consumer Authority in October 2023. The transaction saw Lotus shareholders holding approximately 79% of the merged group with A-Cap shareholders holding the remaining approximately 21%.

On 7 November 2023, the acquisition was implemented with all of the ordinary shares and listed options of A-Cap being acquired by Lotus through the issuance of 361,722,889 ordinary shares of Lotus.

Lotus now owns 100% of the Letlhakane Uranium Project in Botswana and holds a 55% interest in the Wilconi Nickel Cobalt Project in Western Australia.

Review of Activities (continued)

Letlhakane Project Overview

The Letlhakane Uranium Project in Botswana is one of the world's largest undeveloped uranium deposits. It consists of a significant Joint Ore Reserve Committee ("JORC") 2012 Mineral Resource Estimate of 190.4Mlbs (268.9Mt at 321ppm U_3O_8)[2]. The mining license has been in place since 2016 and provisional surface rights have been granted as well as water abstraction rights and rights to install water bores. The asset is located close to high quality infrastructure with a sealed highway, rail line and power line running past the mining license boundary all of which make significant contributions to keeping the capital cost of future developments low. The asset is located within 50 kilometers of Francistown, a major population center in Botswana.

Figure 2: Location of the Letlhakane Uranium Project

Botswana is a mining friendly jurisdiction, consistently ranking highly in the Fraser Institute Perceptions Index (for the latest report for 2022 it was rated the top mining jurisdiction in Africa and the second worldwide out of 62 jurisdictions).

Letlhakane is a large-scale uranium resource with potential higher grade zones as identified in Lotus's due diligence work. Lotus aims to determine if a more effective processing route can be identified to improve the 2015 Feasibility Study project economics, which had envisaged a heap leach process. To test this, Lotus is planning the following work programs:

1. Mineral Resource re-modelling incorporating tighter modelling constraints and shorter search parameters, aiming to reduce the amount of 'smoothing' that has occurred within the higher grade zones of the model. Resource update planned for the second quarter of calendar year 2024.
2. Preparation of a preliminary geo-metallurgical model to help optimise the mine plan based on acid consumption and uranium mineralogy in addition to uranium grade.
3. Undertake a preliminary mining study focused on pit optimised on work on the updated resource model to define the most economic pits within the project area.
4. Use the updated model and optimised pit shells to design an infill drill program that will target the most economic parts of the resource and convert these where required into M&I status.

[2] Refer to Lotus ASX announcement dated 13 July 2023.

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Review of Activities (continued)

Letlhakane Project Overview (continued)

5. Continue with the ore beneficiation test work program initially planned by A-Cap to determine the potential for upgrading the ore prior to feeding to the main processing plant. Test work reporting planned for the second quarter of calendar year 2024.This work will include the ore sorting concept that has been so successful at Kayelekera, but will also consider more traditional upgrading methods such as screening, cycloning, gravity and density.
6. Consider the preferred processing flowsheet based on the beneficiation results and overall grade / tonnage parameters.
7. Prepare a Scoping Study, or Preliminary Economic Assessment (PEA), based on the mine planning and beneficiation test results and a selected processing route.
8. Initiate the infill drill program to upgrade the resource. The infill drilling will most probably be undertaken over a number of seasons due to the expected large scale, with commencement of this program subject to funding

Wilconi Project Overview

As part of the acquisition of A-Cap Energy, Lotus also acquired a 55% ownership in the Wilconi Nickel-Cobalt Project, near Wiluna in Western Australia. The project has a mineral resource estimate of 570,000 tonnes of contained nickel metal and 29,500 tonnes of contained cobalt metal, both valuable battery materials[3].

Lotus is currently evaluating options to maximise the value of this project to the Group.

Sustainability

Sustainability at Lotus is currently governed directly through the Board and focuses on the Company's performance in the areas of health, safety, radiation, environment, social responsibilities and sustainable development.

Lotus released the Company's FY2023 Sustainability Report in November 2023. This Report is Lotus' third annual Sustainability Report and forms part of Lotus' annual corporate reporting suite. The report provided a summary of our approach to creating sustainable value for our stakeholders and included an overview of our ESG management systems and performance of our Kayelekera Uranium Project in Malawi, and our corporate activities in Perth, WA. Importantly, a new milestone for the Company was achieved, with the Report being prepared with reference to the Global Reporting Initiative ("GRI") Sustainability Standards.

This step change in reporting reflects Lotus' ongoing commitment to transparency, accountability and continuous improvement in ESG performance. Additionally in line with global expectations, Lotus is continuing to develop its climate mitigation strategy for the recommencement of mining at Kayelekera, and the Report provided an update of the Company's progress towards its alignment with the Task Force on Climate related Financial Disclosures ("TCFD") reporting framework.

Ore Reserves and Mineral Resources

Mineral Resources Governance

Lotus Resources reviews its Mineral Resource and Ore Reserve (where applicable) estimates on an annual basis or more frequently where circumstances necessitate. As a result of the completion of the merger with A-Cap Energy Limited during the period an updated Mineral Resource Statement is presented in this report.

The Statement of Mineral Resources and Ore Reserves is prepared in accordance with the JORC Code 2012 and the ASX Listing Rules.

Competent Persons named by the Company are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code 2012.

[3] Refer to A-Cap ASX Announcement 5 June 2023

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Ore Reserves and Mineral Resources (continued)

Mineral Resources Governance (continued)

The Company engages external consultants and Competent Persons to prepare and calculate estimates of its Mineral Resource and Ore Reserves. These estimates and underlying assumptions are reviewed by the Directors and management for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the JORC Code 2012 and the ASX Listing Rules. Where material changes occur to a project during the period, including the project's size, title, exploration results or other technical information, previous resource estimates and market disclosures are reviewed for completeness. The Company reviews its Mineral Resources and Ore Reserves as at 30 June each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources and Ore Reserves, a revised estimate will be prepared as part of the annual review process. There was no update to the Mineral Resources and Ore Reserves required as at 31 December 2023.

Kayelekera Mineral Resources Estimate

The information in this document that relates to Mineral Resources for Kayelekera at the project was reported by the Company in announcements to the ASX dated 15 February 2022 and 9 June 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Table 1 - Lotus Mineral Resource Inventory – June 2022[4]

Project	Category	Mt	Grade (U_3O_8 ppm)	U_3O_8 (M kg)	U_3O_8 (M lbs)
Kayelekera	Measured	0.9	830	0.7	1.6
Kayelekera	Measured – RoM Stockpile[5]	1.6	760	1.2	2.6
Kayelekera	Indicated	29.3	510	15.1	33.2
Kayelekera	Inferred	8.3	410	3.4	7.4
Kayelekera	**Total**	***40.1***	***510***	***20.4***	***44.8***
Kayelekera	Inferred – LG Stockpiles[6]	2.4	290	0.7	1.5
Kayelekera	**Total All Materials**	***42.5***	***500***	***21.1***	***46.3***
Livingstonia	Inferred	6.9	320	2.2	4.8
Total		***49.4***	***475***	***23.3***	***51.1***

Kayelekera Ore Reserves

The Ore Reserve estimate has been developed using the 9 June 2022 Mineral Resource Estimate for Kayelekera only (i.e. excluding the Livingstonia Resource Estimate) and is based on the optimised mine plan and production schedule prepared as part of the Restart Definitive Feasibility Study reported in ASX announcements dated 11 August 2022 and referred to in the Directors Report.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements; and in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

4 See ASX announcements dated 15 February 2022 and 9 June 2022 for information on the Kayelekera Project and Livingstonia Deposit Mineral Resource Estimates. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 15 February 2022 and 9 June 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially.

The Kayelekera Project Mineral Resource Estimates are reported inclusive of the Kayelekera Project Ore Reserve Estimates Mineral Resources are based on a 100% ownership basis of which Lotus has an 85% interest.

5 RoM stockpile has been mined and is located near mill facility.

6 Low-grade stockpiles have been mined and placed on the medium-grade stockpile and are considered potentially feasible for blending or beneficiation, with studies planned to further assess this optionality.

Kayelekera Ore Reserves (continued)

Table 2 - Lotus Resources Ore Reserve Inventory – July 2022[7]

Project	Category	Mt	Grade (U_3O_8 ppm)	U3O8 (M kg)	U3O8 (M lbs)
Kayelekera	Open Pit - Proved	0.6	902	0.5	1.2
Kayelekera	Open Pit - Probable	13.7	637	8.7	19.2
Kayelekera	RoM Stockpile – Proved	1.6	760	1.2	2.6
Kayelekera	**Total - Kayelekera**	**15.9**	**660**	**10.4**	**23.0**

Letlhakane Mineral Resources Estimate

The Letlhakane uranium mineral resource upgrade was completed using Localised Uniform Conditioning ("LUC") which takes into account mining and grade control selectivity. The global Mineral Resource Estimate is as follows:

Table 3 - Letlhakane LUC Mineral Resource Estimate

Cut-off (U3O8 ppm)	Total Indicated			Total Inferred			Global Total		
	Mt	(U3O8 ppm)	Contained U3O8 ppm (MLbs)	Mt	(U3O8 ppm)	Contained U3O8 ppm (MLbs)	Mt	(U3O8 ppm)	Contained U3O8 ppm (MLbs)
100	197.1	197	85.5	625	203	280.1	822.1	202	365.7
200	59.2	323	42.2	209.7	321	148.2	268.9	321	190.4
300	22.2	463	22.7	81.6	446	80.3	103.8	450	102.9

The LUC estimate best reflects the mining methodology envisaged, taking into account the surface miner's selective mining capability combined with the proposed grade control methodology. The accurate mining characteristics of surface miners and the ability to generate a detailed measure of gamma radiation on the surface during mining will ensure the optimum grade delivery to the process heap. The selective mining unit ("SMU") of 20m x 4m x 0.25m forms the basis for the LUC estimation. Historic resource estimations were more reflective of conventional open pit mining and therefore had averaged resource data into blocks of bigger mining panels and smoothed or averaged the grade data.

Uniform conditioning ("UC") and LUC is used for assessing recoverable resources inside a mining panel when the drill spacing does not provide sufficient coverage for direct grade estimation at the SMU scale. UC provides the proportion of SMUs inside a panel that are above cut-off and its corresponding average grade. LUC takes the UC result and localises it into SMU scale blocks, making it more suited to extraction and optimisation studies.

The 2014 drilling programmes targeted the early optimised shells which typically represent the earliest production potential. Previous results as reported in the A-Cap ASX Announcements during 2014 (27 August 2014 and 15 December 2014) highlighted some of the better grade intersections which would be exploited early in the potential production sequence. The results of the drilling programme increased confidence in these early production areas within Letlhakane, namely Kraken, Gorgon South and Serule West. The global resource area is 14km long and 11km wide and is divided into the aforementioned main prospect areas.

Reference to Previous ASX Announcements

The information in this announcement that relates to the Mineral Resource Estimate at Kayelekera was announced on 9 June 2022 and 15 February 2022. The information in this announcement that relates to the Mineral Resource Estimate at Letlhakane was announced on 13 July 2023. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements of 9 June 2022 and 15 February 2022 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in that announcement continue to apply and have not materially changed.

The information in this announcement that relates to the Ore Reserve Estimate at Kayelekera was announced on 11 August 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.

In relation to the exploration results included in this announcement, the dates of which are referenced, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements.

[7] Ore Reserves are reported based on a dry basis. Proved Ore Reserves are inclusive of RoM stockpiles and are based on a 200ppm cut-off grade for arkose and a 390ppm cut-off grade for mudstone. Ore Reserves are based on a 100% ownership basis of which Lotus has an 85% interest. Lotus confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 11 August 2022 and that all material assumptions and technical parameters underpinning the Ore Reserve Estimate in that announcement continue to apply and have not materially changed.

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Forward Looking Statements

This Directors Report includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Lotus Resource Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding Lotus Resource Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Lotus Resource Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for uranium; fluctuations in exchange rates between the U.S. Dollar and the Australian Dollar; uncertainty in the estimation of mineral resources and mineral reserves; the failure of Lotus Resource Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; the inherent risks and dangers of mining exploration and operations in general; environmental risks; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in government regulations, policies or legislation; the inability to enter into a mine development agreement with the Government of Malawi on acceptable terms; foreign investment risks in Malawi; breach of any of the contracts through which the Company holds property rights; defects in or challenges to the Company's property interests; uninsured hazards; industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; reliance on key personnel and the retention of key employees; the impact of the Covid-19 pandemic on the Company's business and operations; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Lotus Resource Limited. The ability of the Company to achieve any targets will be largely determined by the Company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Lotus Resource Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Results

The Consolidated entity made a loss of $5,539,697 after income tax for the half-year (2022: loss of $5,188,593).

Significant Changes in the State of Affairs

During the six months ended 31 December 2023, the Company issued 361,722,889 new shares relating to the merger with A-Cap Energy Limited. The Company also issued 3,274,294 shares in settlement of advisory services related to the acquisition of A-Cap Energy Limited and a further 5,551,670 shares were issued during the half year as a result of the conversion of unlisted Lotus options.

There were no other significant changes in the state of affairs of the Consolidated entity during the six months ended 31 December 2023.

Events Subsequent to Reporting Date

On 23 February 2024 Lotus announced it was raising $30,000,000 before costs by issuing 100,000,000 ordinary shares under a placement to strategic investors.

The placement funds will enable Lotus to accelerate the restart works at its Kayelekera mine and advance works at its Letlhakane project in Botswana.

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

Section 307C of the Corporations Act 2001 requires our auditor, RSM Australia Partners, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 15 and forms part of this Directors' report for the six months ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.

Michael Bowen
Non-Executive Chairman

Dated at Perth, Western Australia, this 29th day of February 2024.

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lotus Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

AWhyte

Perth, WA
Dated: 29 February 2024

ALASDAIR WHYTE
Partner

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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LOTUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 $	Consolidated 31 December 2022 $
Other income		650,097	585,184
Care and maintenance costs		(1,434,416)	(1,422,325)
Exploration and evaluation expenses		(279,934)	(636,941)
Corporate and administrative expenses		(1,709,176)	(1,671,921)
Impairment charges		(1,366,325)	(524,641)
Depreciation charges		(10,844)	(1,009)
Finance costs – accretion of interest		(657,580)	(717,255)
Finance costs – others		(25,322)	-
Share-based payments expense	16	(1,088,735)	(924,798)
Loss before income tax		**(5,922,235)**	**(5,313,706)**
Income tax expense	17	(26,731)	(170,003)
Loss for the half-year		**(5,948,966)**	**(5,483,709)**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translating foreign operations		(2,962,923)	159,147
Total other comprehensive loss		**(8,911,889)**	**(5,324,562)**
Total comprehensive loss for the half-year		**(8,911,889)**	**(5,324,562)**
Loss attributable to:			
Non-controlling interests		(409,269)	(295,116)
Members of the parent		(5,539,697)	(5,188,593)
		(5,948,966)	**(5,483,709)**
Total comprehensive loss attributable to:			
Non-controlling interests		(726,813)	(345,925)
Members of the parent		(8,185,076)	(4,978,637)
		(8,911,889)	**(5,324,562)**
Loss per share:			
Basic and diluted loss per ordinary share (cents)		(0.42)	(0.43)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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LOTUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents	3	12,367,478	15,519,217
Other current assets	4	717,460	1,169,556
Inventories	5	397,350	492,560
Total Current Assets		**13,482,288**	**17,181,333**
NON-CURRENT ASSETS			
Plant and equipment	6	166,538	3,797
Exploration and evaluation assets	7	125,098,929	39,532,314
Other financial assets	8	14,694,904	15,053,100
Total Non-Current Assets		**139,960,371**	**54,589,211**
TOTAL ASSETS		**153,442,659**	**71,770,544**
CURRENT LIABILITIES			
Trade and other payables	9	1,278,840	811,449
Provisions	10	127,544	16,247
Total Current Liabilities		**1,406,384**	**827,696**
NON-CURRENT LIABILITIES			
Provisions	12	37,002,431	37,257,958
Total Non-Current Liabilities		37,002,431	**37,257,958**
TOTAL LIABILITIES		**38,408,815**	**38,085,654**
NET ASSETS		**115,033,844**	**33,684,890**
EQUITY			
Contributed equity	13	234,709,526	143,537,936
Reserves	14	(35,211,274)	(31,577,701)
Accumulated losses	15	(82,328,548)	(76,866,298)
Equity attributable to owners of the Company		117,169,704	35,093,937
Non-controlling interests		(2,135,860)	(1,409,047)
TOTAL EQUITY		**115,033,844**	**33,684,890**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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LOTUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

Consolidated 2023	Contributed equity $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Capital reserves $	Non-controlling interest $	Total equity $
At 1 July 2023	**143,537,936**	**2,995,081**	**373,178**	**(76,866,298)**	**(34,945,960)**	**(1,409,047)**	**33,684,890**
Loss for the half-year	-	-	-	(5,539,697)	-	(409,269)	(5,948,966)
Other comprehensive loss	-	-	(2,645,379)	-	-	(317,544)	(2,962,923)
Total comprehensive loss for the half-year	**-**	**-**	**(2,645,379)**	**(5,539,697)**	**-**	**(726,813)**	**(8,911,889)**
Transactions with equity holders in their capacity as equity holders							
Shares issued on acquisition of A-Cap Energy Ltd	88,622,108	-	-	-	-	-	88,622,108
Shares issued to advisors	802,202	-	-	-	-	-	802,202
Share-based payments	-	286,533	-	-	-	-	286,533
Exercise of options	1,747,280	(1,197,280)	-	-	-	-	550,000
Expiry of employee share scheme options	-	(77,447)	-	77,447	-	-	-
At 31 December 2023	**234,709,526**	**2,006,887**	**(2,272,201)**	**(82,328,548)**	**(34,945,960)**	**(2,135,860)**	**115,033,844**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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LOTUS RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

Consolidated 2022	Contributed equity $	Share based payment reserve $	Options premium reserve $	Foreign currency translation reserve $	Accumulated losses $	Capital reserves $	Non-controlling interest $	Total equity $
At 1 July 2022	**114,923,546**	**2,637,335**	**1,361,434**	**(44,625)**	**(68,391,981)**	**(34,945,960)**	**(765,530)**	**14,774,219**
Loss for the half year	-	-	-	-	(5,188,593)	-	(295,116)	(5,483,709)
Other comprehensive income	-	-	-	209,956	-	-	(50,809)	159,147
Total comprehensive loss for the half-year	**-**	**-**	**-**	**209,956**	**(5,188,593)**	**-**	**(345,925)**	**(5,324,562)**
Transactions with equity holders in their capacity as equity holders								
Share-based payments	1,478,520	(553,722)	-	-	-	-	-	924,798
Exercise of options	331,173	-	-	-	-	-	-	331,173
Share Issuance - Capital raising	25,000,000	-	-	-	-	-	-	25,000,000
Share issue costs	(1,346,174)	-	-	-	-	-	-	(1,346,174)
At 31 December 2022	**140,387,065**	**2,083,613**	**1,361,434**	**165,331**	**(73,580,574)**	**(34,945,960)**	**(1,111,455)**	**34,359,454**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Consolidated 31 December 2023 $	Consolidated 31 December 2022 $
Cash flows from operating activities		
Other income received	8,651	-
Payments to suppliers and employees	(1,744,461)	(3,404,055)
Payments for care and maintenance	(1,020,421)	(1,610,488)
Payments for exploration and evaluation activities	(439,189)	-
Interest received	665,538	377,543
Finance costs paid	(92)	-
Income tax paid	(26,731)	(127,803)
Net cash used in operating activities	**(2,556,705)**	**(4,764,803)**
Cash flows from investing activities		
Purchases of plant and equipment	(1,366,323)	(524,641)
Payments for exploration	(590,983)	-
Cash acquired from acquisition of A-Cap Energy Ltd	1,237,533	-
Payments for acquisition-related costs	(360,644)	-
Net cash used in investing activities	**(1,080,417)**	**(524,641)**
Cash flows from financing activities		
Proceeds from the exercise of options	550,000	331,173
Proceeds from issue of shares	-	25,000,000
Share issue transaction costs	-	(1,346,174)
Net cash from financing activities	**550,000**	**23,984,999**
Net (decrease)/increase in cash and cash equivalents	**(3,087,122)**	**18,695,555**
Cash and cash equivalents at the beginning of the period	15,519,217	4,876,370
Effects of exchange rate changes on cash and cash equivalents	(64,617)	27,652
Cash and cash equivalents at the end of the period	**12,367,478**	**23,599,577**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These general-purpose financial statements for the half-year ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. SEGMENT REPORTING

During the half-year ended 31 December 2023, the Consolidated entity operated in four business segments and two geographical locations, being the exploration, evaluation and development of Uranium assets in Africa (comprising the geographical locations Malawi and Botswana), nickel-cobalt exploration, evaluation and development in Australia, and Corporate activities in Australia.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

An operating segment is a component of the Consolidated entity that engages in business activities form which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated entity's components.

Consolidated 31 December 2023	**Operating Loss $**	**Total Assets $**	**Total Liabilities $**
Uranium – Malawi	(2,728,459)	53,960,410	(37,100,025)
Uranium - Botswana	(23,353)	76,533,784	(109,531)
Nickel-Cobalt-Australia	(2,764)	10,099,263	(353,667)
Corporate	(3,194,390)	12,849,202	(845,592)
	(5,948,966)	**153,442,659**	**(38,408,815)**

Consolidated 31 December 2022	**Operating Loss $**	**Total Assets $**	**Total Liabilities $**
Uranium – Malawi	(1,967,440)	62,228,856	(48,416,110)
Corporate	(3,516,269)	23,875,637	(3,328,929)
	(5,483,709)	**86,104,493**	**(51,745,039)**

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3. CASH AND CASH EQUIVALENTS	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Cash at banks and on hand	1,867,478	1,019,215
Term deposits	10,500,000	14,500,002
	12,367,478	15,519,217

4. OTHER CURRENT ASSETS		
Prepayments	369,543	538,529
GST/VAT receivables	119,219	403,456
Security deposits	140,251	74,826
Other receivables	88,447	152,745
	717,460	1,169,556

The Group did not recognise any losses (30 June 2023: Nil) in profit or loss in respect of expected credit losses for the half-year ended 31 December 2023.

5. INVENTORIES	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Spare parts, supplies and consumables	397,350	492,560

6. PLANT AND EQUIPMENT	Furniture and Fixtures $	Mine Plant and Equipment $	Motor Vehicles $	Total $
At 31 December 2023 (Consolidated)				
Cost	113,963	1,720,960	238,839	2,073,762
Accumulated depreciation and impairment	(93,495)	(1,692,730)	(120,999)	(1,907,224)
Net carrying amount	20,468	28,230	117,840	166,538
Year ended 31 December 2023 (Consolidated)				
At 1 July 2023, net of accumulated depreciation	3,797	-	-	3,797
Additions	8,404	1,357,921	-	1,366,325
Acquisition of A-Cap Energy Ltd Group	20,044	31,043	130,987	182,074
Depreciation charge for the period	(2,181)	(804)	(7,859)	(10,844)
Impairment charge for the period	(8,404)	(1,357,921)	-	(1,366,325)
Foreign exchange differences	(1,192)	(2,009)	(5,288)	(8,489)
At 31 December 2023, net of accumulated depreciation	20,468	28,230	117,840	166,538
At 30 June 2023 (Consolidated)				
Cost	86,708	1,691,926	113,140	1,891,774
Accumulated depreciation and impairment	(82,911)	(1,691,926)	(113,140)	(1,887,977)
Net carrying amount	3,797	-	-	3,797
Year ended 30 June 2023 (Consolidated)				
At 1 July 2022, net of accumulated depreciation	4,230	-	-	4,230
Additions	1,790	522,578	-	524,368
Depreciation charge for the year	(2,223)	-	-	(2,223)
Impairment charge for the year	-	(522,578)		(522,578)
At 30 June 2023, net of accumulated depreciation	3,797	-	-	3,797

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7. EXPLORATION AND EVALUATION ASSETS	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Exploration and evaluation costs carried forward in respect of areas of interest	125,098,929	39,532,314
Movement in exploration and evaluation assets:		
Carrying amount at the beginning of the period/year	39,532,314	46,279,048
Acquisition of A-Cap Energy Ltd Group (Note 20)	88,607,579	-
Exploration and evaluation expenditures	428,997	1,064,041
Provision for impairment	-	(1,064,041)
Change in estimates provision for rehabilitation and closure costs	-	(8,537,051)
Movement in exchange rates	(3,469,961)	1,790,317
Carrying amount at the end of the period/year	125,098,929	39,532,314

Exploration and evaluation expenditures incurred are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

As a result of the previously recorded impairment upon placing the Kayelekera mine on care and maintenance, any new exploration and evaluation expenditures are impaired. No impairment has been recognised in relation to the Letlhakane Project or Wilconi Project from the acquisition date in November 2023.

8. OTHER FINANCIAL ASSETS	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Security deposit	14,694,904	15,053,100

The security deposit consists of a cash collateral deposit to support a bond issued for rehabilitation obligations of the Kayelekera Uranium Project in Malawi in the amount of US$10,000,000 (30 June 2023: US$10,000,000). The security for environmental rehabilitation and closure costs has been provided in the form required by the relevant Malawian authorities. The bond is provided by subsidiary Lotus (Africa) Limited which is also the entity that has provided the cash collateral deposit.

9. TRADE AND OTHER PAYABLES	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Trade payables	314,559	107,274
Other payables and accruals	964,281	704,175
	1,278,840	811,449

10. PROVISION - CURRENT		
Annual leave provision	127,544	16,247

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	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
11. OTHER LIABILITIES		
Environmental bonds		
At beginning of period/year	-	4,351,143
Repayment of environmental bond	-	(4,351,143)
At end of period/year	-	-

In the previous financial year, as agreed in the sale and purchase agreement, the final instalment for US$3,000,000 of the reimbursement of the US$10,000,000 cash account which had previously been advanced by the former owners of Lotus (Africa) Limited to provide security for the environmental bond in favour of the Government of Malawi (Environmental Bond) was settled in March 2023.

12. PROVISION – NON-CURRENT	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Rehabilitation and closure cost provision - Kayelekera	37,002,431	37,257,958
Reconciliation – Non-current provision		
At beginning of period/year	37,257,958	42,728,847
Decrease in provision for closure cost	-	(8,537,051)
Accretion of interest	657,580	1,447,869
Foreign currency movements	(913,107)	1,637,293
At end of period/year	37,002,431	37,257,958

The Group has obligations to dismantle and remove certain items of property, plant and equipment and to restore and rehabilitate the land on which they sit. Provisions are recognised when the Consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company also has in place a cash backed environmental performance bond of $14,694,904 (30 June 2023: $15,053,100) or US$10,000,000 as outlined in note 8. The bond is restricted cash to cover closure and rehabilitation costs of the project. The bond is the minimum amount required to be maintained in accordance with the terms of the 2007 Mine Development Agreement for the Kayelekera Uranium Project and relevant local regulations.

13. CONTRIBUTED EQUITY	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Fully paid ordinary share capital	234,709,526	143,537,936

	31 December 2023 Number of Shares	30 June 2023 Number of Shares	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Movements during the period/year:				
At beginning of period/year	1,343,982,044	1,206,765,153	143,537,936	114,923,546
Issue of shares – capital raising	-	104,166,667	-	25,000,000
Issue of shares – acquisition of A-Cap Energy Ltd (note 20)	361,722,889	-	88,622,108	-
Issue of shares to consultant	3,274,294	-	802,202	-
Exercise of options	10,000,000	12,050,861	550,000	482,044
Issue of shares upon exercise of options	5,551,670	8,012,350	1,197,280	1,478,520
Transaction with minority interest	-	12,987,013	-	3,000,000
Share issue costs	-	-	-	(1,346,174)
At end of period/year	1,724,530,897	1,343,982,044	234,709,526	143,537,936

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14. RESERVES	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Share-based payment reserve (Note 16)	2,006,887	2,995,081
Capital reserve	(34,945,960)	(34,945,960)
Option premium reserve	-	-
Foreign exchange reserve	(2,272,201)	373,178
	(35,211,274)	(31,577,701)
Movement in reserves		
Share based payment reserve		
At beginning of period/year	2,995,081	2,637,335
Share-based payment expense	286,533	1,917,251
Transferred to share capital	(1,197,280)	(1,478,520)
Transferred to accumulated losses	(77,447)	(80,985)
At end of period/year	2,006,887	2,995,081
Capital reserve		
At beginning oof period/year	(34,945,960)	(34,945,960)
At end of period/year	(34,945,960)	(34,945,960)
Option premium reserve		
At beginning of period/year	-	1,361,434
Reclassification to accumulated losses	-	(1,361,434)
At end of period/year	-	-
Foreign exchange reserve		
At beginning of period/year	373,178	(44,625)
Exchange rate differences on translating foreign operations	(2,645,379)	417,803
At end of period/year	(2,272,201)	373,178

Share-based payments reserve
This reserve is used to record the value of equity-settled share-based payments provided to employees and directors as part of their remuneration.

Capital reserve
This reserve is used to record the value of equity instruments issued to a non-controlling interest as part of the acquisition of the non-Government non-controlling interest in the Kayelekera Uranium Mine.

Option premium reserve
This reserve was used to record the value of monies raised from issue of options and from issue of incentive options. In the previous financial year, this amount was reclassified as part of accumulated losses.

Option lapsed, expired and cancelled
No options lapsed during the period (30 June 2023: None). In addition, 1,671,224 options expired or were cancelled during the period (30 June 2023: 4,568,188).

Foreign currency translation reserve
The foreign currency translation reserve records exchange rate differences on translating foreign operations.

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15. ACCUMULATED LOSSES

	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
At beginning of the period/year	(76,866,298)	(68,391,981)
Loss for the period/year	(5,539,697)	(9,916,736)
Reclassification of options premium reserve	-	1,361,434
Expiry of share-based payments reserve	77,447	80,985
At end of the period/year	(82,328,548)	(76,866,298)

16. SHARE-BASED PAYMENTS

Movement in options:	Consolidated 31 December 2023 Number	Consolidated 30 June 2023 Number
At beginning of period/year	31,131,780	48,176,742
Granted	19,895,506	7,184,651
Exercised	(15,551,670)	(19,661,425)
Expired	(1,671,224)	(4,568,188)
At end of period/year	33,804,392	31,131,780
Weighted average exercise price of outstanding options (Cents)	-	1.77
Weighted average remaining life of outstanding options (Years)	2.86	1.50

Details of the 19,895,506 options granted during the half-year ended 31 December 2023 are set out below (including the assumptions used in fair value estimation).

Below are options granted during the period where the vesting criteria did not contain any market conditions. The Black-Scholes-Merton model was used to determine the estimated fair value of those options.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
46,060	30/10/2023	31/10/2025	$0.00 each	$0.22	Nil	3.930%	$0.220
1,961,529	30/10/2023	31/10/2026	$0.00 each	$0.22	Nil	3.870%	$0.220
1,266,661	30/10/2023	31/10/2028	$0.00 each	$0.22	Nil	3.870%	$0.220
1,156,757	28/11/2023	31/10/2026	$0.00 each	$0.28	Nil	3.870%	$0.280
1,098,919	28/11/2023	31/10/2028	$0.00 each	$0.28	Nil	3.870%	$0.280

The pre-determined performance conditions relating to the above options include

- safety performance conditions;
- conditions related to financial performance against budget;
- project performance conditions relating to the Mine Development Agreement and offtake contracting;
- a resource growth target; and
- performance against environmental, social and governance targets.

In addition, during the period, 12,000,000 options were granted to Directors with a service-related vesting condition.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
12,000,000	28/11/2023	30/09/2026	$0.00 each	$0.28	Nil	3.870%	$0.280

16. SHARE-BASED PAYMENTS (CONTINUED)

Below are options granted during the period that had market-based vesting criteria related to performance against a peer group. A Monte-Carlo simulation was performed to estimate the fair value.

Options Number	Grant date	Expiry date	Exercise Price	Spot Price at Grant Date	Dividend Yield	Risk-free Interest Rate	Fair Value at Grant Date
1,266,661	30/10/2023	31/10/2028	$0.00 each	$0.22	Nil	3.870%	$0.1535
1,098,919	28/11/2023	31/10/2028	$0.00 each	$0.28	Nil	3.870%	$0.2145

17. TAXATION

Income tax expense comprises amounts withheld from interest payments under Malawian tax law. These amounts are able to be recouped against assessable Company income tax. Given the uncertainty around the timing of the generation of assessable income tax, these amounts have been de-recognised for accounting purposes.

18. DIVIDENDS

No dividends were declared or paid during the half-year ended 31 December 2023 (2022: nil).

19. CONTINGENT LIABILITIES

As at 31 December 2023, the Company had three agreements providing royalty payments to local government and former owners for production from the Kayelekera Uranium Project. Royalties' payable on production comprises an uncapped royalty on revenue to the Malawi Government (the rate is subject to ongoing negotiations with the Government), a 3.5% royalty on revenue capped at $5,000,000 to Paladin Energy Limited and an uncapped 0.75% royalty on revenue to Power Resources Inc.

Liability to make royalty payments only arises upon the restart of production from Kayelekera.

The Company also has in place a cash backed environmental performance bond of $14,694,904 (30 June 2023: $15,053,100) US$10,000,000) as outlined in note 8. The bond is restricted cash to cover closure and rehabilitation costs of the project. The bond is the minimum amount required to be maintained in accordance with the terms of the Mine Development Agreement for the Kayelekera Uranium Project and relevant local regulations.

As required under the Mines and Minerals Act of Botswana to enable the grant of a mining licence, A-Cap Energy Limited provided a parent company guarantee for wholly owned subsidiary A-Cap Resources Botswana Pty Ltd ("A-Cap Botswana"), the holder of the Letlhakane Uranium Project, for the performance of A-Cap Botswana's obligations under the mining licence and Mines and Minerals Act of Botswana. The guarantee was provided on 14 August 2015 and will remain in place for the duration of the mining licence.

Under the terms of the Farm-In and Joint Venture Agreement for the Wilconi Project, Lotus subsidiary A-Cap Energy limited has provided a guarantee to the tenement holder for subsidiary Wilconi Pty Ltd's obligations under the agreement.

20. ACQUISITION OF A-CAP ENERGY LIMITED ("A-Cap")

On 13 July 2023, the Company announced that it has agreed to merge with A-Cap via a scheme of arrangement ("Scheme") under which the Company would acquire all of the A-Cap share on issue (the "Acquisition").

On 12 July 2023, prior to the merger announcement, the Company and A-Cap entered into a Scheme Implementation Deed ("SID"). The SID stipulated that the Company shall acquire all of the A-Cap shares (the "Share Scheme"), A-Cap Listed Option (the" Option Scheme") subject to the terms and conditions to be executed by the respective party/parties as outlined in the Scheme.

Both the Share Scheme and Option Scheme were approved by the A-Cap Shareholders on 20 October 2023 with the final Federal Court approval provided on the 26 October 2023. The Acquisition was completed on 7 November 2023 (the "Implementation Date").

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20. ACQUISITION OF A-CAP RESOURCES LIMITED ("A-Cap") (CONTINUED)

A-Cap is an ASX-listed company incorporated in Australia. The subsidiaries of A-Cap at the Implementation Date are as follows:

Entity	Country of incorporation	Equity Holding	Immediate holding company
A-Cap Resources Botswana (Pty) Ltd	Botswana	100%	A-Cap Energy Limited
Pulse Resources Botswana (Pty) Ltd	Botswana	100%	A-Cap Resources Botswana (Pty) Ltd
Wilconi Pty Ltd	Australia	100%	A-Cap Energy Limited

The Schemes were finalised as follows upon the Implementation Date:

The issued A-Cap securities and the equivalent Lotus shares were as follows:

Description	Number of A-Cap Shares/Options	Lotus Shares issued
Share on issue	1,272,050,471	359,336,331
Unlisted options	54,000,000	2,294,445
Listed options	46,039,445	92,113
Total		361,722,889

The Acquisition was finalised for an offer price of approximately $0.0521 per A-Cap Share, representing a premium of 21% to the closing A-Cap Share price on 11 July 2023 of $0.043 (being the last trading day for A-Cap Shares and Lotus Shares prior to the announcement).

Upon implementation of the Share Scheme, the Company's shareholders hold approximately 79% of the merged Group and A-Cap shareholders hold approximately 21%.

The fair value of the net assets acquired and liabilities assumed upon the Implementation Date were summarized below:

	7 November 2023 $
Fair value of Lotus shares (361,722,889 shares at $0.245 cents per share)	88,622,108
Transaction costs	896,894
	89,519,002
Identifiable fair value of net assets of A-Cap acquired:	
Cash and cash equivalents	1,237,533
Trade and other receivables	148,656
Property, plant and equipment	182,074
Exploration and evaluation assets	88,607,579
Trade and other payables	(574,844)
Provisions	(81,996)
	89,519,002

Management assessed that A-Cap had limited assets and no business inputs, processes, and outputs. Hence the Acquisition was accounted for as an asset acquisition.

For the two months ended 31 December 2023, A-Cap's net losses of $40,654 were incorporated to the Group's results.

Accounting Policy

If an entity acquires an asset or a group of assets (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of AASB 3, Business Combination because it cannot meet the definition of a business combination. Such transaction is accounted for as an asset acquisition in which the cost of acquisition is generally allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition and does not give rise to a goodwill. Transaction costs are capitalised into the carrying value of individual assets, rather than being expensed as is the case for business combinations.

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20. ACQUISITION OF A-CAP RESOURCES LIMITED ("A-Cap") (CONTINUED)

In addition, the acquisition of non-financial assets that does not constitute a business in exchange for equity instruments is in scope of AASB 2, Share-based Payments, where the entity shall measure the goods or services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless the fair value cannot be estimated reliably.

If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their fair value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

21. INTEREST IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries as at 31 December 2023:

Name	Country of Incorporation	Ownership Interest 31 December 2023	Ownership Interest 30 June 2023
		%	%
Providence Metals Pty Ltd	Australia	100%	100%
Lily Resources Pty Ltd	Australia	100%	100%
Lotus (Africa) Limited	Malawi	85%	85%
A-Cap Energy Limited*	Australia	100%	-
Wilconi Pty Ltd	Australia	100%	-
A-Cap Resources Botswana (Pty) Ltd*	Botswana	100%	-

As discussed in note 20, A-Cap Energy Limited, Wilconi Pty Ltd and A-Cap Resources Botswana (Pty) Ltd are the entities within A-Cap which the Company acquired effective 7 November 2023. The results of operations for the two months ended 31 December 2023 of the aforementioned entities were consolidated with the Company.

*The acquired companies are in the process of being renamed to reflect the new ownership.

22. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 February 2024 Lotus announced it was raising $30,000,000 before costs by issuing 100,000,000 ordinary shares under a placement to strategic investors.

Apart from the above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance for the six months ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Michael Bowen
Non-Executive Chairman

Dated at Perth, Western Australia this 29th day of February 2024.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LOTUS RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lotus Resources Limited which comprises the consolidated interim statement of financial position as at 31 December 2023, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lotus Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lotus Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of Lotus Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 29 February 2024

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